STATE OF CALIFORNIA

PETE WILSON, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

RECEIVED
NOV 13 1996
FCC MAIL ROOM

November 12, 1996

VIA FEDERAL EXPRESS

Office of the Secretary
Federal Communications Commission
1919 M St., N.W. Room 222
Washington, D.C. 20554

Re: CC Docket No. 92-77

Gentlemen:

Please find enclosed for filing an original plus nine copies of the FURTHER COMMENTS OF THE PEOPLE OF THE STATE OF CALIFORNIA AND THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA ON SPECIFIC QUESTIONS IN THE OSP REFORM RULEMAKING PROCEEDING in the above-referenced docket.

Also enclosed is an additional copy of this document. Please file-stamp this copy and return it to me in the enclosed, self-addressed postage pre-paid envelope.

Yours truly,

Patrick S. Berdge
Patrick S. Berdge
Attorney for California

PSB:cdl

Enclosures

ORIGINAL

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of	)	FCC 96-253
	)	
Billed Party Preference for InterLATA 0+ Calls	)	CC Docket No. 92-77
	)	

RECEIVED
NOV 13 1996
FCC MAIL ROOM

FURTHER COMMENTS OF THE PEOPLE OF THE STATE OF CALIFORNIA AND THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA ON SPECIFIC QUESTIONS IN THE OSP REFORM RULEMAKING PROCEEDING

PETER ARTH, JR.
EDWARD W. O'NEILL
PATRICK S. BERDGE

505 Van Ness Ave.
San Francisco, CA 94102
Phone: (415) 703-1519
Fax: (415) 703-4432

Attorneys for the Public Utilities
Commission of the State of California

November 12, 1996

TABLE OF CONTENTS

I. INTRODUCTION

The People of the State of California and the Public Utilities Commission of the State of California ("California" or "CPUC") hereby respectfully submit these comments to the Federal Communications Commission ("FCC" or "Commission") on the Public Notice of October 10, 1996 (DA 96-1695), containing specific questions relating to billed party preference (BPP) for InterLATA 0+ calls. This Public Notice was issued pursuant to the Telecommunications Act of 1996 ("the 1996 Act").

II. SUMMARY

California continues to support the policy of price disclosure statements by Operator Service Providers (OSPs) for all 0+ calls because, in the interim, the full disclosure alternative would appear to provide many of the benefits of BPP at little, if any, cost to consumers. California is not persuaded that a price disclosure message would create an unacceptable delay to consumers. California's experience in the 900- and 976- markets has shown that the delays, if any, which may have been created by a message requirement are justified by the benefits of disclosure.

III. DISCUSSION

California continues to support the billed party preference (BPP) concept and encourages the FCC to act expeditiously to determine if BPP implementation is cost-justified. Under BPP, operator-assisted long-distance traffic would be carried automatically by the OSP preselected by the party being billed for the call. The possibility of a BPP alternative increases as local number portability develops, which is mandated under Section 251(b)(2) of the 1996 Act. California maintains its position that, if local exchange carriers are required to install the facilities needed to perform database queries for number portability purposes for each call, the incremental cost to query the database for the customer's preferred OSP might well be less than the incremental benefits that BPP would provide. For this reason, California strongly advocates BPP as the preferred solution to OSP pricing abuses.

We note that the FCC's June 27, 1996 decision in the number portability NPRM[1] requires LECs to deploy number portability databases in the nation's 100 largest Metropolitan Statistical Areas, which could potentially be utilized for BPP in those markets. California urges that any addition of BPP to number portability databases not delay the introduction of permanent number portability beyond the schedule set forth by the FCC.

In the Matter of Billed Party Preference for InterLATA 0+ Calls, Second Further Notice of Proposed Rulemaking, CC Docket No. 92-77, 11 FCC Rcd 7274, the FCC tentatively concluded that it should:

1. establish benchmarks for OSPs' rates and associated charges that reflect consumers' expectations; and

---

[1] FCC 95-116, RM 8535, released July 2, 1996.

2. require OSPs whose charges and related aggregator surcharges or premises-owner fees exceed such benchmarks to disclose orally to consumers, before connecting a call, the total charges for which consumers would be liable. Additionally, the NPRM sought comment on, among other issues, whether the Commission should require OSPs to give a specific rate brand for all 0+ calls. [2]

A. Public Notice Question No. 2

What kinds of technologies (including payphone equipment and associated software) are currently available to provide on-demand call rating information for calls from payphones, other aggregator locations, and phones in correctional institutions that are provided for use by inmates? Commenters should discuss the anticipated declining cost of these technologies, assuming a wide-spread demand for these services.

1. California's Response To Question No. 2

California believes that technology exists, and has existed for many years, which provides expedient means to provide on-demand call rating information for calls from payphones. Call rating information has been made readily available on a competitive basis for payphone providers because of the development of the "smart" payphone. Indeed, it was the availability and affordability of "smart" payphones which greatly facilitated the rapid introduction and proliferation of competitive customer-owned pay telephones. Smart payphones are able to

---

[2] FCC 96-253, CC Docket No. 92-77, ¶ 3.

calculate the cost of each phone call and must perform this service for each coin call prior to call completion. Smart payphones also provide answer supervision and coin deposit verification. More traditional payphone sets, such as those which evolved with the local exchange telephone companies' networks, do not have the "smart" capabilities and must rely on network intelligence to provide call rating information for all coin calls. These same capabilities can be used to provide call rating information for all non-coin calls. Moreover, as technological advances are made, the cost of these capabilities decrease and the quality and number of features available increase.

B. Public Notice Question No. 4

Some commenters have claimed that price disclosure prior to completion would create an unacceptable delay to consumers. Are there any studies that substantiate or dispute this contention and are those studies available? Are there any studies available that provide indication of consumer satisfaction or dissatisfaction with 0+ services provided in this fashion?

1. California's Response To Question No. 4

While California has not conducted formal studies regarding the level of customer satisfaction associated with price disclosure of payphone rates, California has experience from its 900- proceedings[3] which it considers to be

---

[3] Application (A.) 89-09-012, see also Decision (D.) 91-03-021, 39 CPUC 2d 397.

relevant to the payphone pricing disclosure issue. Based on this experience, California concludes that price disclosure prior to call completion will not create an unacceptable delay to consumers. In California's 900 proceedings, some parties advanced similar arguments, that a disclosure message would create unacceptable delays. These concerns were proven to be unfounded. To the contrary, California found that the complaint levels for 900- and 976- calls have significantly declined following the implementation of price disclosure announcement requirements for all 900 and 976 calls. A decrease in complaint occurrence rates is a strong indication that the overall level of consumer satisfaction for these services has increased.

C. Public Notice Question No. 7

What effects, if any, will the recent Report and Order in the Matter of Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation, CC Docket Nos. 96-128, 91-35, FCC 96-388 (released September 20, 1996) have on this proceeding?

1. California's Response To Question No. 7

It is not clear at this point what the effects of the FCC's Pay Telephone Report and Order (FCC 96-388, September 20, 1996) will be on individuals originating 0+ calls from pay telephones. Although the Pay Telephone Report and Order mentions FCC's implementation of the Telephone Operator Consumer Services Improvement Act, it does so from the perspective of compensation for

PSPs for originating interstate calls to non-presubcribed OSPs, not from the perspective of customer safeguards. (Report and Order, ¶ 9) There is no specific mention of billed party preference or rate disclosure in the Pay Telephone Order, which is a concern for California. The Pay Telephone Order provides for a rapid transition to a competitive market for pay telephones with applicable compensation mechanisms. However, it does not specifically address customer interaction/protection in 0+ service situations.

IV. CONCLUSION

For the reasons stated, California urges the FCC to implement BPP, if economically feasible, and, in the interim, to require price disclosure statements

///

///

///

by OSPs for all 0+ calls since this full disclosure would provide many of the benefits of BPP at little, if any, cost to consumers.

Dated: November 12, 1996

Respectfully submitted,

PETER ARTH, JR.
EDWARD W. O'NEILL
PATRICK S. BERDGE

By: Patrick S. Berdge

Patrick S. Berdge

505 Van Ness Ave.
San Francisco, CA 94102
Phone: (415) 703-1519
Fax: (415) 703-4432

Attorneys for the Public Utilities Commission of the State of California

CERTIFICATE OF SERVICE

I, Charlene D. Lundy, hereby certify that on this 12th day of November, 1996, a true and correct copy of the foregoing FURTHER COMMENTS OF THE PEOPLE OF THE STATE OF CALIFORNIA AND THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA ON SPECIFIC QUESTIONS IN THE OSP REFORM RULEMAKING PROCEEDING IN FCC 96-253, CC Docket No. 92-77, was mailed first class, postage prepaid to all known parties of record.

Charlene D. Lundy

Charlene D. Lundy